

IN THE CHANCERY COURT FOR LEWIS COUNTY  
AT HOHENWALD, TENNESSEE

IN RE:

SENTINEL TRUST COMPANY

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) No. 4781  
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**COMMISSIONER-IN-POSSESSION'S PETITION FOR APPROVAL OF  
OCTOBER BOND PAYMENTS**

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The Commissioner of the Tennessee Department of Financial Institutions, as Commissioner-in-possession of Sentinel Trust Company ("Sentinel"), by and through his counsel of record, the Attorney General and Reporter, hereby petitions this Court for approval of payment of the October 2004 interest and/or principal payments as set forth herein. The Commissioner also seeks approval of payment of two optional bond redemptions, as also set forth herein.

1. Sentinel Trust Company ("Sentinel") is a Tennessee corporation, located in Hohenwald, Lewis County, Tennessee, engaged in fiduciary activities and subject to regulation by the Commissioner under the Tennessee Banking Act pursuant to Tenn. Code Ann. § 45-1-124.

2. On May 18, 2004, the Commissioner of the Tennessee Department of Financial Institutions ("Commissioner") took emergency possession of Sentinel pursuant to Tenn. Code Ann. §§ 45-2-1502(b)(2) and (c)(1). Subsequently, on June 18, 2004, the Commissioner issued a Notice of Liquidation of Sentinel Trust Company in accordance with the provisions of Tenn. Code Ann. §§ 45-2-1502(c)(2) and 1504.

3. Tenn. Code Ann. § 45-2-1504(a)(3) provides that

[i]n liquidating a state bank, the commissioner may exercise any power of the office of commissioner, but shall not, without the approval of the court, in which notice of possession has been filed; . . . [m]ake any payment on any claim, other than a claim upon an obligation incurred by the commissioner, before preparing and filing a schedule of the commissioner's determinations in accordance with this chapter.

4. Sentinel Trust serves as the registrar and paying and /or escrow agent on approximately 99 municipal bond issues. Sixteen of these bond issues have interest and/or principal payments due October 1, 2004. The Commissioner has determined that the entirety of the funding necessary for the October 1 payments is still due from the issuers for all but three of these bonds issues.<sup>1</sup> Assuming that these monies are timely received, then the Commissioner will be able to make the October 1 payments for these municipal bond issues in full without having to use any funds from the pooled fiduciary account.

5. With respect to the remaining three bond issues (Ocoee Utility District Waterworks Revenue Refunding Bonds, Series 1997 - principal and interest payment of \$58,175; Ocoee Utility District Waterworks Revenue Refunding Bonds, Series 1998 - principal and interest payment of \$148,812.50; and City of Oglethorpe, GA Water and Sewer Revenue Refunding Bonds, Series 1998 - interest payment of \$13,012.50), the Commissioner has determined that a portion of the funding necessary to make the October 1 principal and/or interest payments is still due from the issuers.<sup>2</sup> However, the Commissioner has also determined that there is a U.S. Treasury Bill, with a par value of \$103,000 and maturity date of September 30,

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<sup>1</sup>See Schedule of October 1, 2004 bond payments attached hereto and incorporated herein by this reference.

<sup>2</sup>*Id.*

2004, that was purchased by Sentinel for these three bond issues. The Commissioner has further determined that \$98,000 of the Treasury Bill was to be attributed to the Ocoee bond issues and \$5,000 was to be attributed to the City of Oglethorpe bond issue. Assuming that the remaining funds are timely received from the issuers, along with the proceeds of this matured U.S. Treasury bill, the Commissioner will also be able to make the October 1 payments for these three municipal bond issues in full without having to use any funds from the pooled fiduciary account.

6. As such, pursuant to Tenn. Code Ann. § 45-2-1504(a)(3), the Commissioner hereby requests this Court's approval to pay the October 1, 2004 payment on these bond issues, as such payments will not require the use of any of the funds in the pooled fiduciary account.

7. Sentinel Trust also serves as the Indenture Trustee on a number of "corporate" bonds. Four of these bond issues have interest payments due on October 1, 2004. Sentinel's records reflect, as set forth in the attached schedule, that the entirety of the funds are still due from two of these bond issuers.<sup>3</sup> With respect to the other two bonds issues, while funds are also still due from the issuers, they should have additional funds on deposit with Sentinel so as to be able to make their October 1 interest payment in full.<sup>4</sup> These funds are not available, however, due to the \$7.6 - \$8.4 million shortfall in the pooled fiduciary account resulting from Sentinel's practice of "borrowing" from that account. In the event that the any of these issuers sends in part or all of the monies for the October 1 payments, the Commissioner requests this Court's approval, pursuant to Tenn. Code Ann. § 45-2-1504(a)(3), to make the payments on these bond issues, but only to the extent of the funds received from the issuers.

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<sup>3</sup>*Id.*

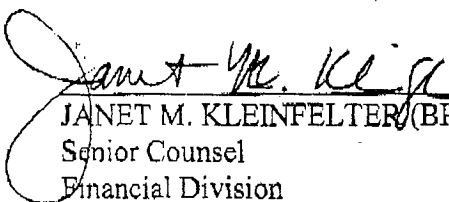
<sup>4</sup>*Id.*

8. Finally, the Commissioner has determined that there is one corporate bond issue and one municipal bond issue, both of which have an optional redemption date of October 1, 2004. With respect to the corporate bond issue (City of Jacksonville, FL First Mortgage Revenue Bond - The Atrium of Jacksonville, Ltd. Project Series 1994) the total amount of \$1,792,348.13 has already been deposited by the issuer. With respect to the municipal bond issue (Marshall County, TN School Refunding Bond, Series 1998), the issuer is prepared to have the total amount of \$5,012,675.00 wired from its escrow agent, Deutsche Bank, upon the Court's approval of this petition. Pursuant to the terms of the optional redemption provisions for both bond issues, these funds are to be paid to the bondholders on October 1, 2004. These payments will clearly not require the Commissioner to use any of the funds from the pooled fiduciary account.

Accordingly, pursuant to Tenn. Code Ann. § 45-2-1504(a)(3), the Commissioner hereby requests this Court's approval to pay the October 1, 2004 payments on the bond issues as set forth herein, as such payments will not require the use of any of the funds in the pooled fiduciary account.

Respectfully submitted,

PAUL G. SUMMERS  
Attorney General and Reporter



JANET M. KLEINFELTER (BPR 13889)  
Senior Counsel  
Financial Division  
425 5th Avenue North  
Nashville, TN 37243  
(615) 741-7403

**THIS MOTION IS SET TO BE HEARD ON THE COURT'S REGULAR  
MOTION DOCKET ON WEDNESDAY, SEPTEMBER 22, 2004 AT 9:00 A.M. IN  
HOHENWALD, LEWIS COUNTY, TENNESSEE.**

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Petition has been sent by first class U.S. Mail and/or facsimile transmission to:

Danny Bates  
205 Bastin Road  
Hohenwald, Tennessee 38462

Donald Schwendimann  
306 W. Main Street  
P.O. Box 366  
Hohenwald, TN 38462  
[FAX] (931) 796-5692

Carroll Kilgore  
Branstetter, Kilgore, Stranch & Jennings  
227 Second Avenue North  
Nashville, TN 37201  
[FAX] (615) 255-5419

Larry Stewart  
Stokes, Bartholomew, Evans & Petrie, P.A.  
424 Church Street, Suite 2800  
Nashville, TN 37219  
[FAX] (615) 259-1470

Ronald G. Steen, Jr.  
Stites & Harbison, PLLC  
SunTrust Center  
424 Church Street, Suite 1800  
Nashville, TN 37219-2376  
[FAX] (615) 782-2371

Dianna M. Thimmig  
1375 East Ninth Street  
One Cleveland Center  
Ninth Floor  
Cleveland, Ohio 44114  
[FAX] (216) 623-0134

David D. Peluso  
106 East Main Street  
Hohenwald, TN 38462  
[FAX] (931) 796-2236

James S. Hereford, Jr.  
310 W. College Street  
P.O. Box 802  
Fayetteville, TN 37334-0802  
[FAX] (931) 433-1379

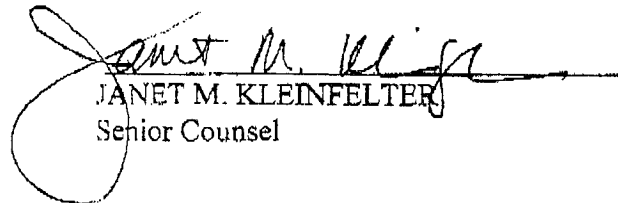
William B. Hubbard  
Hubbard, Berry, Doughty, Harris &  
Barrick, PLLC  
Suite 1420, SunTrust Bank Building  
201 Fourth Avenue North  
Nashville, TN 37219  
[FAX] (615) 251-5453

James S. Chase  
John A. Decker  
Hunton & Williams, LLP  
900 South Gay Street, Suite 2000  
P.O. Box 951  
Knoxville, TN 37901  
[FAX] (865) 549-7704

J. Graham Matherne  
Wyatt, Tarrant & Combs, LLP  
2525 West End Avenue, Suite 1500  
Nashville, TN 37203-1423  
[FAX] (615) 256-1726

John Herman  
Duane Morris LLP  
1180 West Peachtree Street, Suite 700  
Atlanta, GA 30309  
[FAX] (404) 253-6901

and has been posted on the Tennessee Department of Financial Institutions official website this  
14<sup>th</sup> day of September, 2004.



JANET M. KLEINFELTER  
Senior Counsel

**BOND ISSUES DUE FOR AN OCTOBER 2004 PRINCIPAL INTEREST AND/OR OPTIONAL REDEMPTION PAYMENT**

Number of Issues	Bond #	Account Balances as of 5-18-2004	Capacity	Next Principal Due	Amount	Next Interest Due	Amount	Total Due	Source of funding
CORPORATE ISSUES									
1	159	53,133.94	T.R.P/A	4/1/2005		10/1/2004	158,875.00	158,875.00	132,295.85 expected from borrower.
		The Village of Barboursville, WV Multi-family Housing Mortgage Revenue Bonds, Series 1999 A & B (Barboursville Health Partners, Ltd. Project)							
2	139	64,484.66	T.R.P/A	10/1/2004	55,600.00	10/1/2004	166,183.75	211,193.75	94,503.12 on deposit 116,890.63 expected from borrower
		The County of Erie, OH Multi-family Housing Mortgage Revenue Bonds Series 1998 (Chappel Creek Corporation Project)							
3	117	41,288.85	T.R.P/A	4/1/2013		10/1/2004	165,937.50		Series A
		Development Authority of Houston Co, GA First Mortgage Revenue Bonds, Series 1998 A and B (Grantley, Inc. Project)							
				4/1/2005		10/1/2004	39,250.00	205,187.50	Series B 205,187.50 due from borrower
4	31	121.77	T.R.P/A	4/1/2006		10/1/2005	116,559.00	116,559.00	116,559.00 due from borrower
		The Health, Educational and Housing Facility Board Board of the City of Jackson, TN, First Mortgage Revenue Bonds, Series 1989 (Redeemed Village of Jackson, Ltd. Project)							
4		139,038.72			55,000.00		836,808.25	691,808.25	
		TOTAL CORPORATE ISSUES							
OPTIONAL CORPORATE REDEMPTIONS									
1	25	131,372.66	T.R.P/A	10/1/2004	1,740,000.00	10/1/2004	52,348.13	1,792,348.13	Debt has already provided all funds(s)
		City of Jacksonville, FL First Mortgage Revenue Bond (The Arium of Jacksonville, Ltd. Project), Series 1994							
1		131,372.66			1,740,000.00		52,348.13	1,792,348.13	
		TOTAL OPTIONAL CORPORATE REDEMPTIONS							

# BOND ISSUES DUE FOR AN OCTOBER 2004 PRINCIPAL INTEREST AND/OR OPTIONAL REDEMPTION PAYMENT

Number of Issues	Bond #	Account Balance as of 5-18-2004	Capacity	Next Principal Due	Amount	Next Interest Interest Due	Amount	Total Due	Source of Funding
<b>MUNICIPAL ISSUES</b>									
1	109	-1,739.52	Town of Adamsville, TN Water, Sewer & Gas Revenue & Tax Refunding Bonds, Series 1998	R/P/A	10/1/2004	155,000.00	10/1/2004	24,381.25	179,381.25 Municipality
2	194	20.89	County of Eleiko, TN School Bonds, Series 2001	R/P/A	10/1/2004	199,980.00	10/1/2004	169,795.00	338,795.00 Municipality
3	217	-250.00	Dekalb County TN G. O. Refunding Capital Outlay Notes, Series 2003	R/P/A	4/1/2005	0.00	10/1/2004	6,806.75	6,806.75 Municipality
4	139	0.00	City of Hartsville, TN Water & Sewer Revenue & Tax Refunding Bonds, Series 1991	R/P/A	4/1/2005	0.00	10/1/2004	22,410.00	22,410.00 Municipality
5	230	-678.08	City of Hixson, TN Water & Sewer Revenue & Tax Refunding Bonds, Series 2002	R/P/A	4/1/2005	0.00	10/1/2004	9,775.00	9,775.00 Municipality
6	204	0.00	City of Hixson, TN G. O. Refunding Capital Outlay Notes, Series 2002	R/P/A	10/1/2004	35,000.00	10/1/2004	4,920.00	39,920.00 Municipality
7	193	0.00	Lamar County, TN School Bonds, Series 2001	R/P/A	10/1/2004	85,000.00	10/1/2004	89,563.13	154,563.13 Municipality
8	228	-250.00	The North Utility District of DeKalb & Benton Counties, TN Waterworks Revenue Refunding Bonds, Series 2003	R/P/A	10/1/2004	21,000.00	10/1/2004	16,106.25	38,106.25 Municipality
9	94	401.75	Cocopee Utility District Water Revenue Bonds, Series 1997	R/P/A	10/1/2004	35,000.00	10/1/2004	23,175.00	58,175.00
89,000 par value, US Treasury Bill due 9-30-2004 85,658.18 on deposit 22,429.32 due from Municipality (b)									
10	129	0.00	Cocopee Utility District Waterworks Revenue Refunding Bonds, Series 1998	R/P/A	10/1/2004	120,000.00	10/1/2004	28,812.50	148,812.50 See (b) above
11	102	859.72	City of Oglethorpe, GA Water and Sewer Revenue Refunding Bonds, Series 1987	R/P/A	4/1/2005	0.00	10/1/2004	13,012.50	13,012.50
6M par value, US Treasury Bill due 9-30-2004 4,668.76 on deposit 3,343.75 due from Municipality									
12	132	0.00	Old Knoxville Highway Utility District Waterworks Revenue Refunding Bonds, Series 1998	R/P/A	4/1/2005	0.00	10/1/2004	6,151.25	6,151.25 Municipality
13	198	448.29	Poplar Grove Utility District Waterworks Revenue Refunding Bonds, Series 2002	R/P/A	4/1/2005	0.00	10/1/2004	63,441.25	63,441.25 Municipality
14	165	569.85	Poplar Grove Utility District Waterworks Revenue Refunding & Improvement Bond, Series 2001	R/P/A	4/1/2005	0.00	10/1/2004	11,289.38	11,289.38 Municipality



# **BOND ISSUES DUE FOR AN OCTOBER 2004 PRINCIPAL, INTEREST AND/OR OPTIONAL REDEMPTION PAYMENT**

Number of Issues	Bond #	Account Balance as of 9-18-2004	Capacity	Next Principal Due	Amount	Next Interest Due	Amount	Total Due	Source of Funding
<b>Municipal Issues (continued)</b>									
15	153	-250.00	Town of Spencer, TN Water Revenue & Tax Refunding Bonds, Series 1999	R.P.A.	10/1/2004	75,000.00	10/1/2004	18,167.50	Municipality
16	195	3,425.15	The Industrial Development Board of Wayne County, TN Assisted Living Facility, Lease Revenue and Tax Bonds, Series 2001	R.P.A.	10/1/2004	80,000.00	10/1/2004	45,042.50	Municipality
18		5,537.74	<b>TOTAL MUNICIPAL ISSUES</b>			785,000.00		509,831.28	1,284,831.28
<b>OPTIONAL MUNICIPAL REDEMPTIONS</b>									
1	141	0.00	Marshall County, TN School Refunding Bonds, Series 1998	T.R.P.A.	10/1/2004	4,815,000.00	10/1/2004	101,375.00	4,916,375.00
1		0.00	<b>TOTAL OPTIONAL MUNICIPAL REDEMPTIONS</b>			95,300.00		95,300.00	5,012,675.00
<b>SUMMARY</b>									
		139,039.22	Reported in SunTrust Pooled Fund on 5-18-2004 for Corporate Issues.						
		0.00	Funds from maturity of fiduciary assets to pay October 2004 Corporate debt service.						
		84,503.53	Funds on deposit to pay October 1, 2004 Corporate debt service.						
		570,823.47	Funds Due from Debtor and due to be paid October 1, 2004 for Corporate debt service.						
		665,327.19	Total due to be paid October 1, 2004 for Corporate Issues.						
		5,537.74	Reported in SunTrust Pooled Fund on 5-18-2004 for Municipal Issues.						
		103,000.00	Funds from maturity of fiduciary assets to pay October 2004 Municipal debt service (b)						
		91,225.93	Funds on deposit to pay October 1, 2004 Municipal debt service.						
		1,100,804.33	Amount Due from Debtor to pay October 1, 2004 Municipal debt service.						
		1,294,831.26	Total due to be paid October 1, 2004 for Municipal debt service.						
		5,012,675.00	Total Funds Due from Escrow Agent and due to be paid October 1, 2004 for Municipal Optional Redemptions. (c)						
		6,307,506.26	Total due to be paid October 1, 2004 for Municipal Debt Service and Optional Redemptions.						
		6,872,833.36	TOTAL DUE TO BE PAID OCTOBER 1, 2004 FOR CORPORATE AND MUNICIPAL DEBT SERVICE AND MUNICIPAL OPTIONAL REDEMPTIONS						
		131,372.05	Reported in SunTrust Pooled Fund on 5-18-2004 for Corporate Optional Redemptions.						
		0.00	Funds from maturity of fiduciary assets to pay October 2004 Corporate Optional Redemptions						
		1,792,348.13	TOTAL FUNDS DUE TO BE PAID OCTOBER 8, 2004 FOR CORPORATE OPTIONAL REDEMPTION (a).						
		8,785,161.49	TOTAL FUNDS TO BE PAID DURING OCTOBER 2004.						

CODE T= TRUSTEE R= REGISTRAR P/A= PAYING AGENT E/A= ESCROW AGENT